



Securities and Exchange Commission of Pakistan
Securities Market Division
Market Surveillance & Special Initiative Department

No. SMD/MSW/OC/99/2004 -1229-

February 9, 2015

The Chief Executive Officer,
FDM Capital Securities (Private) Limited
620-621, 6th Floor, Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: PROHIBITORY ORDER UNDER SECTION 20 OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

Dear Sir(s),

Please find enclosed herewith copy of order dated February 9, 2015 passed by the Director (Securities Market Division) on the abovementioned subject for your information and record.

Yours Sincerely,

Aoun Abbas Zaidi
Assistant Director (SMD)



Through Courier

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FDM Capital Securities (Private) Limited,
620-621, 6th Floor, Stock Exchange Building,
Stock Exchange Road,
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SUBJECT: PROHIBITORY ORDER UNDER SECTION 20 OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

1. WHEREAS, it was observed from the examination of trading data of Karachi Stock Exchange ("KSE") during the period starting from December 01, 2014 to December 22, 2014 ("the Period") that an individual client, namely, Mr. Abdul Ghaffar ("AG") a client of FDM Capital Securities (Private) Limited ("the Brokerage House"), TREC Holder of KSE, have been actively placing orders in various shares at KSE.
2. WHEREAS, review of the order level and trade level data indicates that quantum of trades executed by AG was very few in proportion than the orders placed. This lead to a detailed review of the order level data of AG.
3. WHEREAS, the detailed review of the order level data of AG bearing client code 08513, showed that he placed significant quantum of buy / sell orders in various shares during the Period and out of which a large proportion was deleted within 05 seconds after the placement of the same. The summary of the statistics is given as below:

Name	Client Code	Terminal	Orders Placed	Orders Cancelled	% age of total cancelled orders	Orders Cancelled within 5 seconds
Abdul Ghaffar	08513	FIXO9401	3,341	925	27%	193

4. WHEREAS, the Securities and Exchange Commission of Pakistan ("Commission") vide letter dated January 13, 2015 inquired the Brokerage House about the rationale of such orders and transactions in question. However, the Brokerage House failed to submit any clarification / response in the said matter.
5. WHEREAS, the practice adopted by the client, of the Brokerage House is in conflict with the fair market practices, wherein AG have indulged in a practice of placing large sums of orders with no intention to purchase / sell the same. Please note that such pattern persuades the interest of the



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general public for purchasing / selling these shares and create a false and misleading appearance of active trading in any security.

6. WHEREAS, the Brokerage House is responsible for each and every order placed or trade executed through its trading terminal. It is responsibility of the Brokerage House that it should monitor all the trading activities being executed through its terminals and should keep track and prevent any transaction being made in violation of any applicable rules and regulations.

7. WHEREAS, being an active participant, the Broker being in the business of the capital markets should be conscious of the responsibility it is carrying. It is pertinent to note that orders which were placed by the Client of the Brokerage House were not placed with the intention of executing fair transaction in the capital markets and the same was overlooked by the Brokerage House.

8. IN VIEW THEREFORE, in exercise of the powers conferred under Section 20 of the Securities and Exchange Ordinance, 1969, ("**Ordinance**") the Brokerage House is directed to prohibit such trading practices through its terminals, as referred above, which are not in line with the prevalent regulatory framework and constitute or is calculated to constitute contravention of any provision of this Ordinance and rules and regulations made thereunder. The Brokerage House is further directed to comply with the rules and regulations failing which the Commission shall be constraint to initiate necessary legal proceedings against the Brokerage House.

9. This Prohibitory Order is issued without prejudice to any other action that the Commission may initiate in accordance with law on the matters subsequently investigated or otherwise brought to the knowledge of the Commission.

Abid Hussain
(Director/ HOD – MSSID)